

Interview with Rajat Seksaria

“Our focus is on developing our expertise in green ammonia and green hydrogen”



Rajat Seksaria
Chief Executive Officer,
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India's rapidly growing renewable energy market is witnessing a major focus on diversification, as older independent power producers adjust their strategies to account for the challenges of supply disruptions, payment delays and policy upheavals. The ACME Group, almost two decades old and with an overall project portfolio of 9 GWp (includes under-construction and under-development assets), is also actively diversifying its portfolio to stay ahead in the race. The company is rapidly expanding its presence in the niche green ammonia space and is planning to foray into manufacturing of solar modules and electrolyzers. In an interview with *Renewable Watch*, the company's chief executive officer, Rajat Seksaria, discusses ACME Group's growth strategy, his take on the key challenges in the renewable energy sector, and the company's achievements and plans in the green ammonia space. Edited excerpts...

What have been the key highlights for the company over the past one year? How has it dealt with the successive waves of the pandemic?

We have received close to 1 GW of bid wins in the past six to eight months. While we continue to bid for solar projects, our focus would be to take up more complex projects in the coming years. With energy storage set to assume a more critical role going forward, we plan to participate in round-the-clock and hybrid tenders.

Over the past few months, our focus has been on developing our expertise in the emerging segment of green ammonia and green hydrogen. Not only did we commission our first pilot project in Bikaner in December 2021, we have also made significant progress in business development in Oman and various other locations. We have positioned ourselves to be a leader in this space, not just in India but on a global level.

As with every company in the renewable energy space or other sectors, the pandemic impacted us quite significantly. We have been constructing six large-scale projects over the past one and a half to two years, and we have had to put work on hold owing to the successive waves of the pandemic. While every new wave of infections subsides in two to three months, it is very challenging to mobilise the required resources such as manpower and supply chains for a large project, halt work, and then again remobilise. A project can be com-

pleted within nine to 12 months in normal times. We have yet to get that clear runway to finish a large project in one go.

We are happy that the government has been supportive by providing due extensions, and the local authorities have been quite helpful. Fortunately, we are now in a place to commission all our six projects within the next nine to 12 months. Despite the pandemic, we have raised money through green bonds and done significant project development work. So, overall, we are in a good position now for continued growth.

What is your perspective on the current cost viability of solar projects in India?

Project economics and costing have been slightly challenging for a few reasons. Due to the global disruption in supply chains, solar module prices have gone through the roof. In fact, there has been an increase of over 30-40 per cent in module costs over the past one to two years. Developers must accordingly absorb these costs in their financials. Further, the prices of steel, aluminium and copper are quite high currently. Fortunately, the tariffs from some of our older projects allow us to partially absorb these costs. Moreover, the interest rates have been somewhat favourable over the past one to two years, which has certainly helped developers.

We have refrained from bidding at the very low price of Rs 2 per unit – or even lower, as seen in

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recent bids – as we have concerns regarding the viability of projects at these costs. We feel that the solar industry should now recalibrate the break even point for solar tariffs, and our estimates suggest that this should be closer to Rs 2.50 per unit or even higher to ensure project viability.

Despite the government's good intentions, the frequent policy and regulatory changes have impacted us. These include the impact of the goods and service tax and the imposition of basic customs duty on solar cell and module imports from April 2022 onwards, which are now being accounted for in our calculations.

Speaking of import duties, what is going to be its impact on solar power development in India in the short term?

There is going to be a short period of uncertainty regarding the actual capacity that will come online. As a member of the developer community, we would surely like the various solar power project components to be manufactured in India. In fact, apart from modules, the developer community, and the country as a whole, has done a good job of creating supply chains for almost every other component in India, and a significant portion gets exported as well.

There have been multiple efforts to develop India's capability in the solar module space, and the government is now focusing heavily on scaling up domestic manufacturing capabilities. However, this means a short period of disruption in supply. Hopefully, this will settle down soon with minimum impact on end consumers, and we expect a reasonably good Indian manufacturing ecosystem to be created over time.

What are your thoughts on the recently released green hydrogen policy? Did it meet your expectations?

We were delighted with the announcement of the first phase of the green hydrogen policy, as it had been in the works for a few months. It gives us comfort, as the policy addresses a few of the concerns

that we had as a developer in this space. However, it is not sufficient to kick-start the development of large-scale commercial green hydrogen projects in India. We need to now supplement this initial green hydrogen policy with successive phases, and then possibly a legislation, to give authenticity to the recent developments. It would be unrealistic to expect a one-shot policy to completely bolster a nascent segment such as green hydrogen and ammonia. Thus, the government has done a good job of keeping developers like us interested in this exciting space.

What were the challenges that the ACME Group faced in implementing the Bikaner green ammonia project?

This is a 5 MW project with a provision for scaling it up to 10 MW, and it can generate 4-5 tonnes of green ammonia per day. It was definitely a challenging task to implement the world's first integrated plant with solar power generation, electrolysis and green ammonia generation at the same location. The first challenge was bringing these three completely different technologies together and integrating them on a MW scale. The second one was that while electrolyzers are primarily made for continuous operations, they had to be synced with an intermittent power source like solar. The third issue was getting a competitive supply chain in place for this complicated project. Finally, even on the operations end, it is quite challenging to get skilled manpower for such a niche segment.

We are quite happy with the project, as it is a semi-commercial MW-scale project that gives us real-life lessons regarding the other factors that can be fine-tuned. With the success of this project, we are now planning projects at a much larger scale that can generate green hydrogen or ammonia in the range of 300 tonnes to 3,000 tonnes per day.

What is the status of the company's upcoming green hydrogen project in Oman? Why did the company select Oman for its first such massive green ammonia project?

Renewable energy is a key factor that

determines the cost competitiveness of green ammonia versus conventional grey ammonia. Thus, we had to find locations where the cost of solar power is less than Rs 1.50 per unit, and solar radiation is higher than in India. Oman ticked both boxes and we also received significant support from the government, including tax benefits and access to the port. A huge parcel of strategically allocated land – nearly 10,000 hectares – has also been allotted to us for this project.

We plan to commission the first phase of this project by 2023 and become the first large-scale green ammonia project in the world. We are also in discussions to implement such projects in other parts of the world such as western Australia, North Africa and a few states in India.

Does the ACME Group have any plans to foray into the solar or electrolyser manufacturing space?

We are surely planning to enter the solar module manufacturing space, although our capacity will be sufficiently sized and not as extensive as that of some of our peers. We had also applied for the first bid under the production-linked incentive scheme, and we are hoping that the government will consider the parties that had applied earlier in the second round as well. We have even identified land and the required supply chains for this manufacturing facility. Further, we are exploring the electrolyser manufacturing space and have already had preliminary discussions with a few possible partners.

What are your top three policy asks from the government?

Our first ask from the government is to ensure a more consistent and constant policy and regulatory environment in the renewable energy sector to ensure long-term visibility. The second ask is to have a clear bidding trajectory for each renewable energy segment. The final ask, and perhaps the most important, is to address the issue of non-payment or delayed payment of dues in some states, and also to ensure that contract tariffs are honoured. ■